

ESO 1987

**DEVELOPING TOURISM THROUGH
BUSINESS RETENTION AND EXPANSION**

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October, 1992

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**Presented at the National Sea Grant Marine Advisory Service Program
Leaders Meeting, Duck Key, Florida, October 30, 1992.**

DEVELOPING TOURISM THROUGH BUSINESS RETENTION AND EXPANSION

Introduction

A Business Retention and Expansion (R&E) Program is an organized educational process to train local leaders to:

1. Assist Local Businesses, and
2. Develop and Implement a Strategic Plan.

In an R&E program, local leaders are trained to 1) help their local businesses by solving problems which face those businesses and 2) to look two to five years into the future by asking where it is they want to be and then at how they can achieve those goals.

The focus of the R&E program is on local businesses because

1. Existing businesses are the best prospects for increased employment
2. Business visits demonstrate a pro-business attitude on the part of local leaders,
3. Improved relations with existing businesses strengthens an area's ability to attract new businesses, and
4. It is action-oriented through business assistance and strategic planning.

Evidence shows that 40 to 70 percent of employment changes are generated by existing businesses. Therefore, it is critical that a community's businesses be kept competitive. One way for the local leaders to demonstrate this is to provide assistance needed by local businesses. This assistance can be as simple as installing or moving a stoplight, and as complex as improved highways or redevelopment of business districts. The pro-business attitude conveyed by working with local businesses, in turn, increases the willingness of local businesses to sell their community to businesses needed to improve competitiveness of the tourism industry.

In Ohio, the Ohio R&E program was initiated jointly by The Ohio State University Cooperative Extension Service (OSU/OCES) and the Ohio Department of Development (ODOD) in July, 1986. The program was conceived as a partnership between OSU/OCES, ODOD, and the local leaders of each community. To mid-1991, the Ohio program had been completed in about 50 communities, mostly counties, with a primary focus on manufacturing businesses.

The shifting structure of local economies, which has resulted in reduced manufacturing employment due to increased capital intensity and increased service/commercial employment bases, led us to begin development of commercial based R&E programs in early 1991. Through a grant from the National Coastal Resources Institute (NCRI), we began development of a Tourism R&E program in the coastal counties of Lake Erie. At the same time we began developing a more general Retail or Commercial R&E program. In this paper I focus on experiences from the first four tourism R&E programs conducted in Erie, Lorain, Ottawa, and Sandusky counties where 150 business visits were conducted during 1991 and early 1992, and 1,234 visitors from a sample of about 3,000 responded to a visitors survey conducted during Summer, 1991.

The Concept of R&E

The overall objective of R&E as conducted in this Ohio program and many like it throughout the U.S. is to increase the competitiveness of local businesses. In most cases the R&E program is conducted at the county level, although we now conduct a significant number of programs in suburban communities and are looking toward conducting the program in urban neighborhoods.

The R&E program has three short-term objectives and three longer-term objectives. The short-term objectives are to:

1. Demonstrate a pro-business attitude,
2. Develop a data base about local businesses, and
3. Solve problems of local businesses.

In many cases, we discover that no one has ever asked a business whether it has problems with which local government can help. Businesses are often asked for help, for financial or time contributions to various community activities, but seldom asked if they need assistance. The very act of visiting a business and offering assistance is a major step in establishing a pro-business attitude.

The core of the business visit in Ohio is the administration of a 13 page questionnaire through which the business owner/manager/official is asked to provide information about the community as a place to do business and to live, and about ways the community can assist the business. The set of completed questionnaires from all business visits provides each community with a very unique set of data about the community; some of this information is reviewed in the next section of the paper. The immediate use of the visitation data is to solve those problems which can be addressed in the short or immediate term.

The three longer-term objectives of R&E are:

1. Increase competitiveness of local firms,
2. Develop strategic plans for economic development, and
3. Continue local R&E efforts.

These three objectives are highly interlinked. The general goal of R&E is to increase the competitiveness of local businesses in the longer term by asking questions about longer term community goals and strategies for attaining those goals. This is accomplished through the formulation of a strategic plan. One critical aspect of the plan is a continuing relationship with local businesses.

The success of the Ohio R&E program is due in large part to a highly structured process. The process is composed of a set of well-defined steps and assistance from OSU/OCES to accomplish each of these steps (Figure 1). The program also has a defined ending point at which time the community can see that it has accomplished its goals and begin anew in the implementation phase.

The orientation phase of the program consists of helping the local leaders of the R&E program to understand the program they are undertaking. They then complete a series of training exercises so that they are competent to organize and carry out the steps of the program. The first critical steps are to sell the R&E program to the important local economic development organizations

OHIO BUSINESS R&E PROGRAM THE PARTNERSHIP

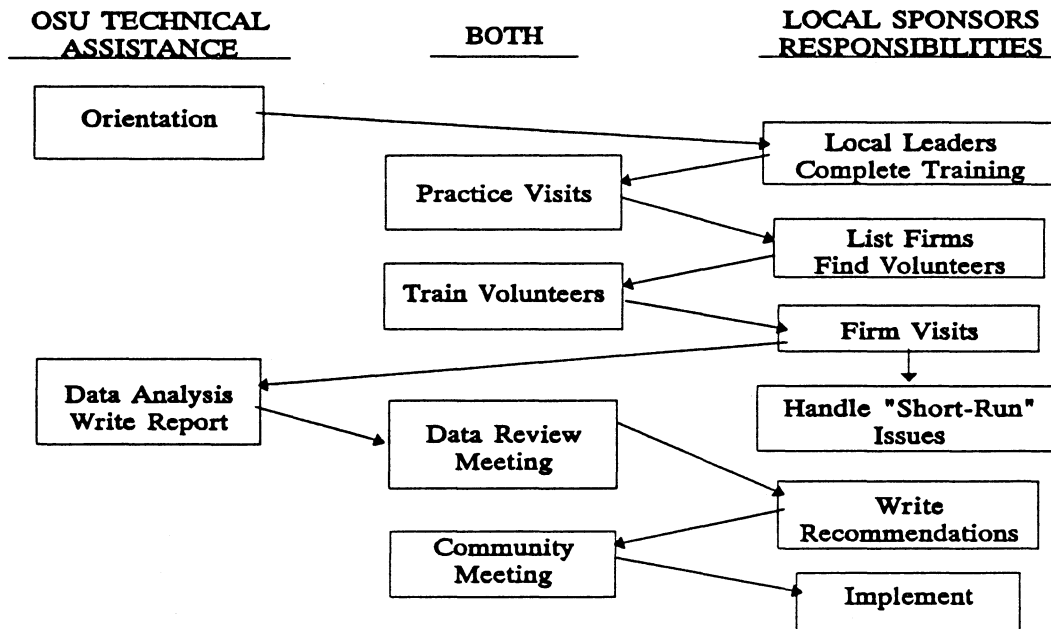


Figure 1

(chambers, CICs, planning commissions, travel bureaus, etc.) and to appoint a Task Force of 8-12 local leaders to lead the program.

The R&E staff at Ohio State demonstrate the effectiveness of business visits by carrying out two practice visits with members of the Task Force and then brief the Task Force on the R&E program. It is the Task Force's responsibility to select the firms to be visited and to recruit volunteer visitors to make the business visits. These volunteers provide the leverage for local communities to visit the 50-75 businesses needed to provide a good analysis of the community as a place to do business. The volunteers are trained by the R&E staff. As the visits are conducted, it is the responsibility of the Task Force to handle those short-run issues identified by the visitors. At the same time the R&E staff at OSU/OCES compile the data and write a draft report of the program.

The R&E staff conducts a data review meeting with the Task Force which has two major goals. The first is to review the survey results. The second is to begin the strategic planning process by conducting a nominal groups process with the Task Force to allow members to express what they think are the most important strategies for future development. With this beginning, it is the responsibility of the Task Force to write its strategic plan. The R&E staff provides guidance to the Task Force on developing a strategic plan, but the Task Force must write it. Only by "buying in" to each and every strategy or recommendation in the plan will the Task Force keep it off the shelf and see that it is implemented. When the strategic plan is completed, the R&E staff writes two reports: 1) a final report which contains the data analysis, the compiled data from the surveys, and the strategic plan, and 2) an executive summary of the final report which contains a summary of the data analysis and the strategic plan and which is available for wide circulation.

The community meeting, the final step of the R&E process, has two goals. The first is to thank all who participated in the program (Task Force members, volunteer visitors, and businesses that were visited). The second is to share with the community the results of the visitation program and the strategic plan developed by the Task Force. This celebration of the completion of an important program and the commitment to implement the resulting plan commits the leaders of the R&E program to put the plan into action. The community meeting can be held as a stand alone meeting or as part of a local organization's regular function; as a breakfast, lunch, or dinner meeting or as a stand alone reception.

Results

Selected results of the business visits and the visitor surveys from the Tourism R&E programs in Erie, Lorain, Ottawa, and Sandusky counties are presented in this section. The visitors bureaus of these four counties market themselves as Lake Erie's Great Escape (LEGE). A total of 150 businesses were visited in these four counties. In addition, a joint visitor survey was conducted of about 3,000 visitors during 1991, of which 1,234 responded. The results are organized under the four strategic areas of the Strategic Plan to Increase the Competitiveness of Local Businesses, which are:

1. Disseminate information and conduct workshops/seminars,
2. Enhance the productivity and availability of the labor force,
3. Enhance the quality of life, and
4. Initiatives for sustained economic development.

Based on past experience, the actions needed to achieve the major goals and objectives of communities in a two to five year time horizon can be organized under these four strategic areas.

Disseminate Information and Conduct Workshops/Seminars

Business Visit Results. Figure 2 shows how four business factors have changed over the past three years for the 150 businesses. Given the recession, it is not surprising that more businesses experienced decreased profits than the other factors. The percent of tourism businesses requesting certain types of information and seminars is provided in Figures 3 and 4, respectively. Customer type issues are ranked highest in both figures.

Visitor Survey Results. About 45 percent of the LEGE visitors planned their trips less than one month in advance. The large number of visitors to Cedar Point may explain this surprisingly high number. Figure 5 shows how the average LEGE visitor spent each dollar. Lodging and restaurants captured about 50 cents of each visitor's dollar. The average visitor spent \$695 during 1990 and planned to spend \$610 during 1991 (the survey was conducted during the summer of 1991, so the 1991 expenditure data are partially expected and partially realized).

Figure 2

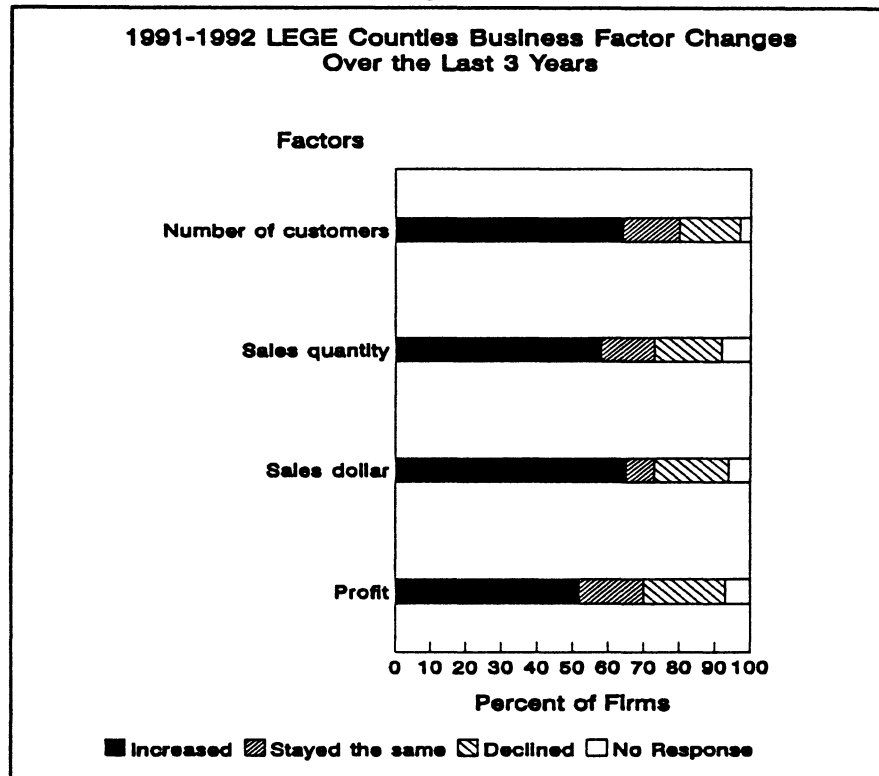


Figure 3

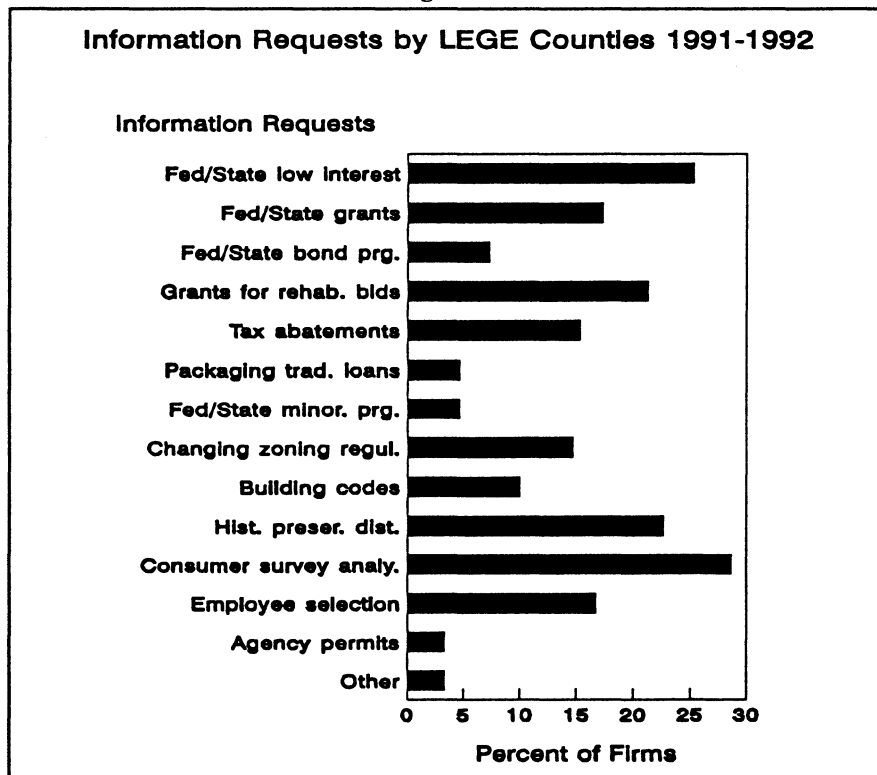


Figure 4

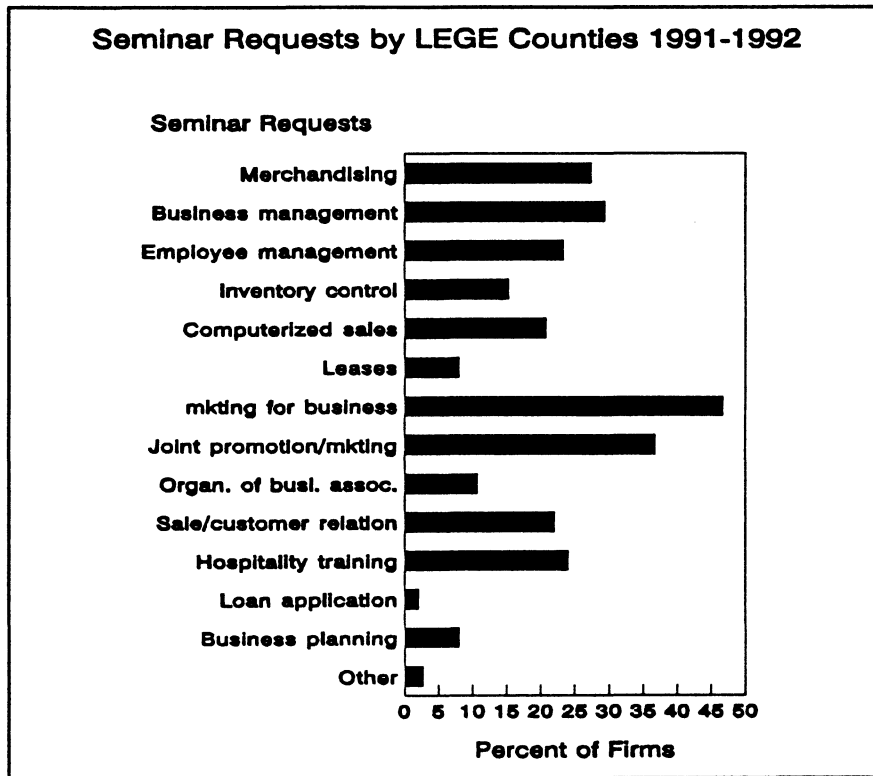
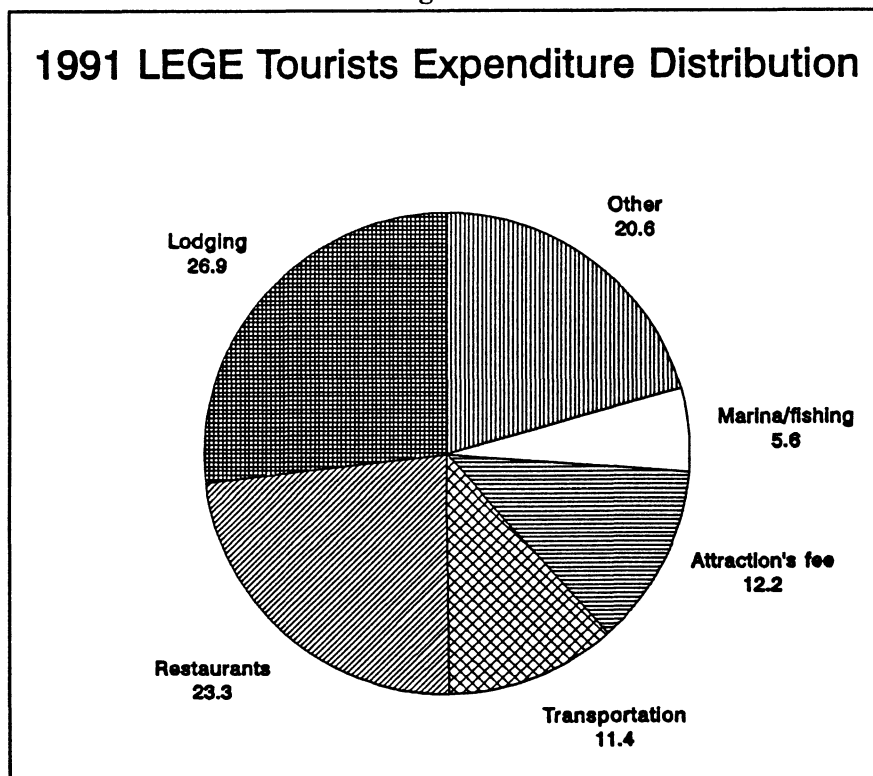


Figure 5



Enhance the Productivity and Availability of the Labor Force

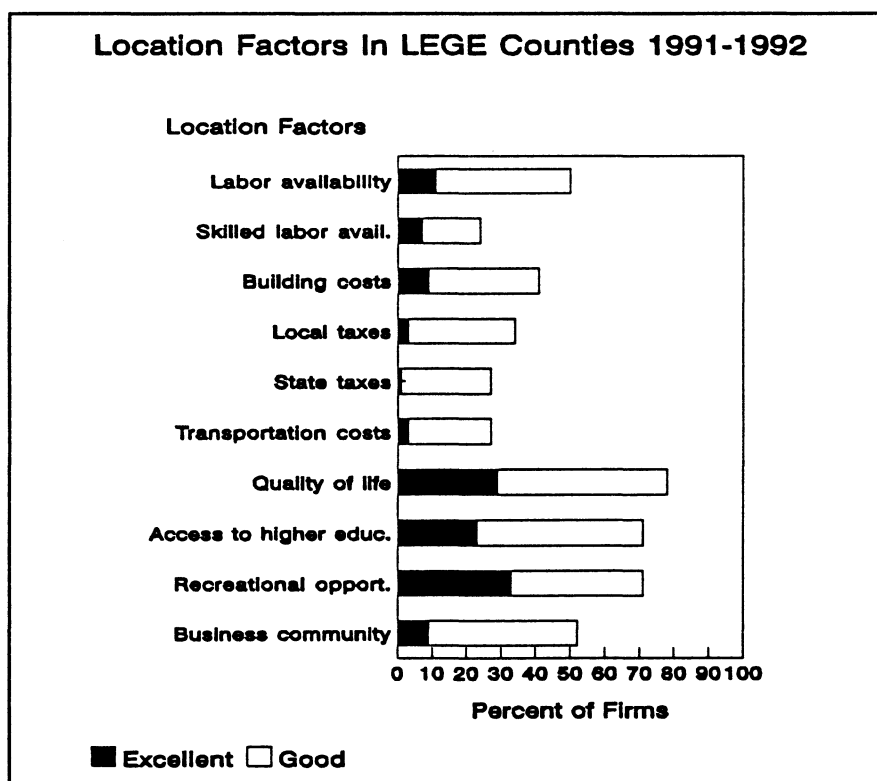
Business Visit Results. Businesses are largely happy with the work force they employ, but often have difficulty finding new employees with the skills and work attitudes they want. For example, 78 percent and 76 percent, respectively, ranked the attitude and productivity of their workforces as excellent or good. Poor work attitudes, high competition for seasonal employees, and available labor has low skills were the most frequently cited problems in finding new employees.

One of the problems facing the tourism industry is its seasonal nature, and the resulting difficulty in developing a sense of "career" among tourism industry employees. The average wage for full-time employees was \$7.30 per hour, while part-time employees earned \$5.00. In addition, only 66 of the 150 businesses provided health benefits for full-time employees; few provide health benefits for part-time employees.

Enhance the Quality of Life

Business Visit Results. Businesses are asked to rank a series of location factors and services as they affect the quality of life of the business and its employees. Figure 6 shows how the business factors ranked in the four counties. It is not surprising that quality of life and recreational opportunities ranked highly in these counties.

Figure 6



However, many businesses saw needed improvements for their businesses. About 50 percent said their storefronts needed improvement; about 50 percent were planning to renovate or expand their businesses. About 40 percent rated the shopping atmosphere of their business district as excellent or good. The most highly ranked "needed improvements" by business leaders were 1) improvement of area exterior, 2) additional businesses, 3) special events or promotions, 4) increased advertising, and 5) reduction of traffic congestion.

Visitor Survey Results. Visitors also provide guidance on improving the quality of life in the LEGE area from the recreational perspective. Figure 7 shows the most needed improvements from the visitors point of view. More restaurants and less traffic congestion overlap the business ranking. Figure 8 supports the use of brochures and visitors guides as means of telling visitors about the quality of recreation in the LEGE area.

Initiatives for Sustained Economic Development

Business Visit Results. The large number of businesses undergoing change and the large number of quality of life needs identified suggest the need for continuing contact with tourism businesses and long term commitments to keeping the tourism industry vibrant through investment in the public organizations which support this industry.

Figure 7

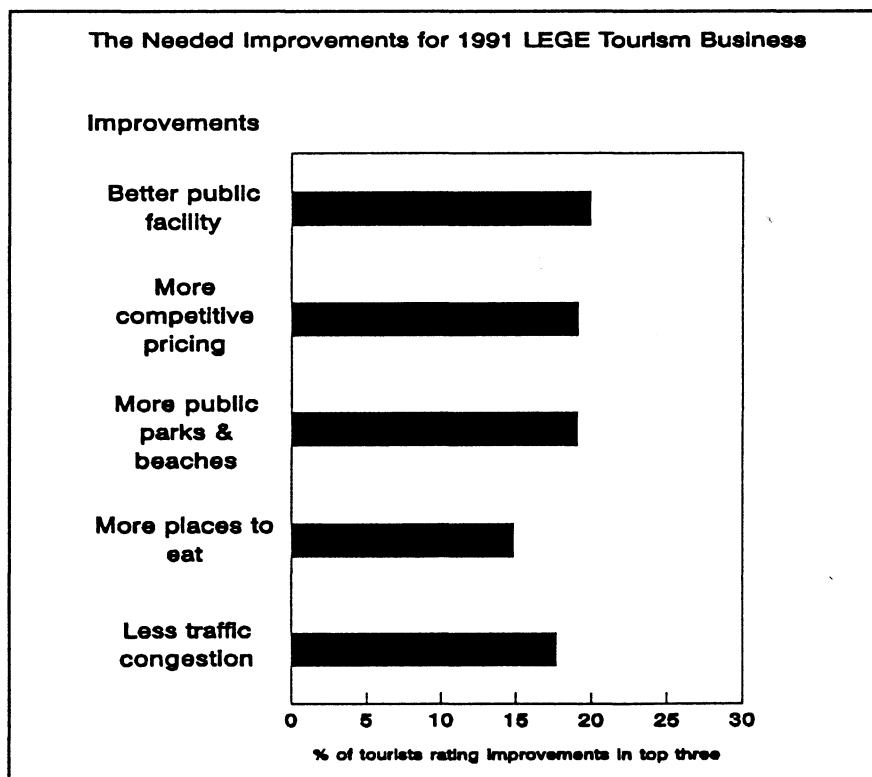
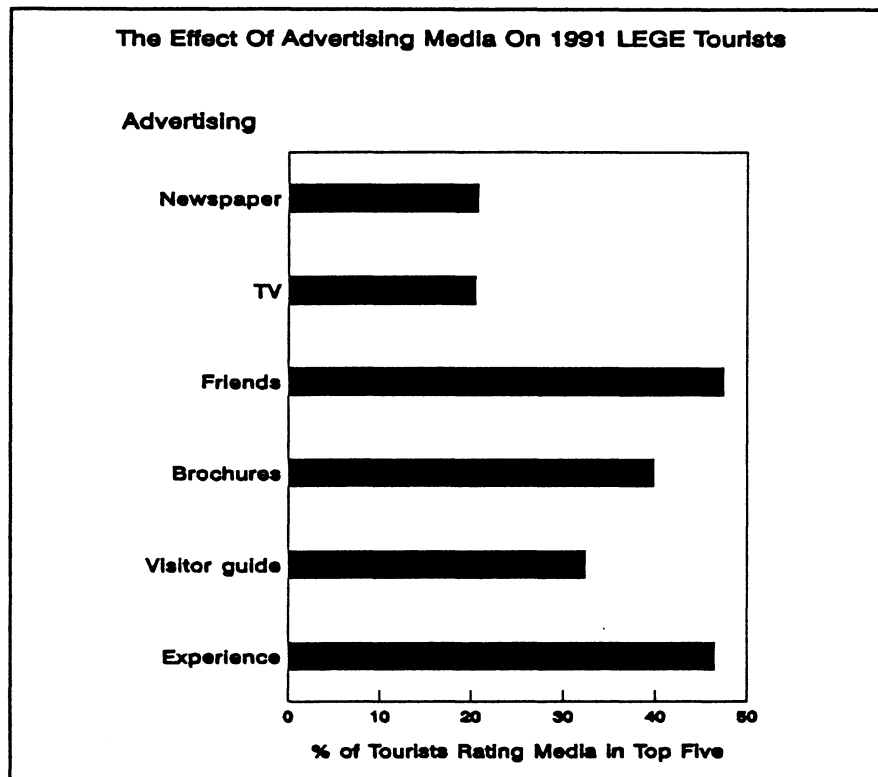


Figure 8



Strategies

This paper is concluded by discussing some of the strategies which either have been adopted or are being considered in the four counties (Ottawa and Sandusky counties have completed their programs while Erie and Lorain are writing strategic plans).

Providing information and training are the essence of strategy one. Information can be provided through newsletters to businesses which discuss key programs or activities and provide data about visitor behavior. A one-stop center where information can be obtained on federal, state or local programs is valuable to small businesses which do not have the resources to learn about state programs on their own. Local technical or vocational schools or the Cooperative Extension Service can provide assistance in organizing workshops and short courses on management and marketing skills.

The labor force is critical to the competitiveness of tourism businesses. We have discovered that schools are often not aware of the educational needs of these businesses. Several communities have established business/education partnerships to increase communications between these two groups and to develop common programs. These programs have two thrusts. One is to develop technical training programs or courses needed by the employees of particular businesses. A second thrust is to develop career opportunity awareness programs for students in K-12, and then to provide the curricula for students to acquire the needed skills.

Quality of life issues are critical not only for the attraction of tourists, but as a factor to keep local businesses in the community. Most communities have strengths which are not recognized; one key strategy is to publicize these strong points to local businesses (who in turn promote them to others). Facilitation of joint promotion by businesses and the development of special events are means by which a community can promote its strengths and attract new visitors at the same time.

While communities must promote their strengths, they must also work on their problems. Committees to examine problems areas identified through business visits and visitor surveys have been adopted.

Finally, the conduct of sustained economic development requires first of all the investment by the community in the human infrastructure to develop initiatives and respond to opportunities and problems. Paid professional economic developers (chamber or CIC exec, planning commission director, or Extension economic development agent) to develop the business environment, and adequately staffed visitors bureaus to market the community outside the local area are essential to successful tourism industries. The LEGE regional marketing program is unique and fully supported by the visitor survey results. We recommend regional cooperation to others as a means of increasing the tourism market for each unit within a region.